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8 September 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 8 September 1981

The Director chaired the meeting.

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The Director commented that the 9 September meeting on the Defense budget is extremely important and he has received many papers for his background use. He referred to the Drew Middleton article in the 7 September New York Times (attached) which discussed the Defense budget question and the cuts which are being discussed. The Director noted that in

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The Director said he expected a NSC meeting on Central America either late this week or early next and that the SNIE on Central America would be ready for the meeting.

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The Director reported he will take Executive Order 12036 to our Committee Chairmen on the Hill for their perusal. He also noted he has scheduled meetings for 15 September with selected Congressmen and Senators to discuss the Identities Legislation.

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The Director initiated a discussion about the losses of senior personnel the Agency is experiencing because of the pay cap. He said he has been raising this issue with as many policymakers as possible and that for the short term, the Agency has to do the following to set the situation right:

--Make an active effort to bring junior people into responsible senior positions earlier.

--Weed out younger people earlier.

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The Director asked all component heads to review the problem and provide him a report within the next week or two.

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McMahon reported the President was pleased with the TV tape on Begin. In response to the Director's question, McMahon noted that all information on the terrorists' threat to the Secretary of State had been sent to the Chief of the Secret Service and that a paper on the overall security situation for the Secretary's trip will be disseminated on 9 September. McMahon added he is not excited over reports of possible incidents occurring in Berlin but is more concerned over threats made by Qadhafi. C. George reported that the DDO had sent an analysis of the Qadhafi threats to the Secret Service.

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[] recommended a NIC assessment of what the implications are of the Defense budget cuts. The Director did not make a decision. []

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Fitzwater reported that the National Capital Planning Commission has approved the NPIC Annex. He further noted that GSA will advise him today whether they will provide rent for the Credit Union. []

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Fitzwater initiated a general discussion on the loss of people, other than SIS'ers, because of the pay cap. Glerum reported that during the month of August there was an increase in the number of people leaving their jobs for reasons other than retirement and that he hoped this was just an aberration and would not continue. []

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General Winne told the Director the outline of the paper he requested on our satellite inventory has been given to Gates. []

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Sporkin discussed the status of Executive Order 12036 and asked the Director to get the approval of either Meese or Baker before we bring the paper to the Hill. The Director agreed. []

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Lipton said he would have to the Director by cob today the paper he requested on where we stand with CA activities this year and next. Lipton said we have [] left for Fiscal Year 81 which we will use totally and that unless there are major increases in commitments for Fiscal Year 82, we have ample funds for operations next year. []

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Arms Budget Debate

Prospect of Cuts Is Reviving Disputes Over Weapons and Global Strategies

By DREW MIDDLETON

The prospect that \$10 billion to \$15 billion will be cut from recently increased military appropriations for the fiscal year 1982 has reawakened old arguments within the military over priorities in weapons and theaters of deployment.

Military Analysis Civilian officials, generals and admirals once more are extolling the virtues of this or that weapon. Inter-service rivalries, muted in the last six months, have reappeared as each service tries to insure the survival of weapons systems it considers vital to the national defense.

Attitudes within the Reagan Administration toward the increase in military expenditure clearly have changed. But planners and analysts sourly point out that the basic situation that inspired the drive to bolster American military capacity has not.

The Soviet Union, one analyst pointed out, still retains a sizable advantage over the United States in conventional forces and weapons in Central Europe. The Russians still have more modern, and more powerful theater nuclear forces in the same area. Finally, the source emphasized, nothing has yet been done to strengthen the American strategic nuclear deterrent.

Little Change Is Seen

Consequently the military balance between the United States and the Soviet Union is seen as about where it was in the Carter Administration, even with the arrival of some new weapons for the Seventh Army in West Germany.

The situation, one planner said, is not much different from that in early 1980 when Harold Brown, then Secretary of Defense, reported that the Russian military effort amounted to 11 to 14 percent of the Soviet gross national product. He said that Soviet military appropriations were 50 percent higher than those of this country when measured in dollars and about 30 percent higher when measured in rubles.

The dispute over the most important military area can be summarized by asking: Where is the immediate danger? Until midway through the Carter era it was taken for granted by Pentagon leaders that Soviet forces in Central Europe provided the chief challenge to the United States and its NATO allies. The Soviet invasion of Afghanistan late in 1979 and the outbreak of the Iraq-Iran war in September 1980 diverted American military attention to Southwest Asia, particularly the Persian Gulf.

The question that would arise, if military appropriations are reduced, is whether Southwest Asia should be given the high priority it has received since Mr. Reagan's inauguration. Those who argue that it should repeat the familiar but nonetheless valid arguments about the importance of the oil rich region to the United States and its allies and the relative military nakedness of Iran,

Saudi Arabia and the smaller states of the Persian Gulf.

Another group surveying with dismay the slow political erosion of NATO argues that the maximum political and military effort must be made in Western Europe. Even the most optimistic officials do not believe that any of the NATO allies will be able to maintain the annual 3 percent increases, after inflation is accounted for, in military expenditures that they agreed to in 1979. Consequently, it is held that the United States must introduce promised new weapons systems into the European theater in an attempt to balance the Soviet forces in East Germany.

Discussion in the military has also centered on the relative priorities for nuclear and conventional forces.

A small but vocal group of officers from all three services has argued that the most immediate Soviet challenge to the United States is likely to take the form of intervention by conventional forces in an underdeveloped part of the world, most probably Southwest Asia. To counter this, they add, the Rapid Deployment Force of all services must have the weapons suitable to counter this type of challenge and, above all, the aircraft and ships capable of deploying the force in time to deter a major Russian operation.

These officers are thinking in terms of such light weapons as antitank and antiaircraft missiles, air-transportable tanks and infantry fighting vehicles rather than major weapons systems more suitable for Europe.

Strategic Nuclear Weapons

Officers in what is known as the "strategic nuclear group" argue that while conventional forces may be necessary to meet minor Soviet moves, the most important deterrent remains the strategic nuclear force.

They would regret, and indeed contest, any shift in appropriations that reduced funds they believe necessary to the modernization of the three legs of the nuclear triad: land-based ballistic missiles, ballistic missile submarines and a new bomber to replace the aged B-52.

The issue is seen by many as pitting modernization of the nuclear deterrent against improvement in the readiness of the conventional forces. Funds for the nuclear triad thus would compete with the Navy's shipbuilding program, the increases in size and modernization of the Army and Marine Corps and the expansion of tactical air resources both for the Air Force and the Navy.

One Army spokesman for that service's modernization is Lieut. Gen. Donald R. Keith, who was recently nominated as commanding general of that service's Materiel Development and Readiness Command. He recently was quoted by Armed Forces Journal as saying, "It's unconscionable for this country not to provide at least equivalent weapons to an outnumbered Army."

Commenting on a remark by Harold Brown that "our technology is what will save us," General Keith remarked, "Technology won't save us if we don't field it."

The Army, officials said, is particularly worried that reductions in the increase in military appropriations for the fiscal year 1982 would mean a spacing out of production of the new Abrams tanks and of antitank and antiaircraft